

WE ARE AGAINST DISCOVERY MODE. HERE'S WHAT TO DO

First off, we love music platforms that offer the world any song, anytime, anywhere. But Spotify's new Discovery Mode harms artists. On paper, the new algorithm sounds great, but it's only great for Spotify. Discovery Mode allows the music platform to increase their streams while lowering their payments to labels and artists, thus increasing their take-home pay. We're against anything that in the long run lowers the value of an artist's catalog.

Discovery Mode is a game changer, that is true. For audiences, the algorithm points them in the direction of artists playing similar music. Sounds good on the surface, artists receive additional exposure for their songs. However, the rates using Discovery Mode are set 30% or more lower than standard per-stream rates. With Spotify already driving over 16 billion artist "discoveries" a month, this new "upgrade" to the music platform seriously devalues song catalogs by robbing them of higher numbers. Artists also get hurt if they opt out of this mode altogether.

We believe that royalty rates are already low, especially for independent music artists and labels. Published studies point to Spotify paying artists around \$3 per thousand streams. For their part, Spotify disagrees, claiming that more artists than ever are enjoying a spike in their royalties. So, what to do? Like our artists, we have a vested interest in making sure they are justly compensated. Spotify's Discovery Mode looks like it can be taken advantage of, if labels look the other way while being paid what is really a "promotional royalty rate."

The solution is simple; immediately remove Discovery Mode streams from non-discovery mode suppliers in the revenue sharing calculation so it doesn't put anyone at a disadvantage. In the long term, platforms need to agree for transparency in operations. Every major music streamer should provide a true audit trail. It was attempted twenty years ago and needs an industry-wide reboot. Right now it's a trust-based system trusted by, well, no one. Everyone needs to be paid in a fair and

equitable manner, whether you're an artist or a distributor. The end game is higher value for all.